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Date: November 19, 2013

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Board Member Betty T. Yee Supports Ruling to Clarify Low-income Housing Exemption Requirements

SACRAMENTO --- Board of Equalization (BOE) Member Betty T. Yee supported action today by the State Board of Equalization to adopt a legal ruling (Property Tax Annotation) clarifying that low-income housing projects may receive the state's Welfare Exemption, enabling qualifying nonprofit low-income housing projects to retain exemptions from property taxes.

The Board's unanimous action adopting the ruling was prompted by questions raised by an earlier BOE ruling (annotation) regarding low-income housing developers who have entered into Payments in Lieu of Taxes (PILOT) agreements with local governments related to fund those governments' expenses related to the development. The new rule does not address the legality of PILOTs, which is outside the BOE's jurisdiction.

The rule focuses on the ability of low-income housing projects to meet the Welfare Exemption by making a legal certification that the exemption is used to maintain the affordability of the project. It concludes projects can make the certification if the project maintains rent restrictions that accompany the certification process.

"I believe low-income housing projects do not take lightly their responsibility to certify they are meeting the goal of affordability," said Yee.

Yee added the action was appropriate within the scope of the BOE's jurisdiction to jointly administer the Welfare Exemption with county assessors. "As funding sources for low-income housing have become limited with the loss of redevelopment agencies at the local level, this action avoids additional confusion at a sensitive time."

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Board Member Betty T. Yee was elected to her post in November 2006. Her district includes many of California's coastal counties, from Del Norte to Santa Barbara, and includes the entire San Francisco Bay Area. Ms. Yee previously served as Chief Deputy Director for Budget at the California Department of Finance, covering a wide array of state and local finance policy matters.